

**STATE OF NEW HAMPSHIRE
Banking Department**

Financial Audit

AUDIT FINDING Corrective Action Plan

Status as of January 14, 2020

Completion Status:

Unresolved

Remediation in Process

(Action beyond meeting
and discussion)

Resolved

2018 Financial Audit

Obs. #	Observation Title	Recommendation(s)	Action Items	Due Date(s)	Completion Status	Comments
1	Prepare and Implement Fundamental Internal Control Processes and Plans	Prepare, implement, and maintain internal control processes and plans, including a formal risk assessment process, a formal fraud reporting and mitigation process, an information technology plan, and a disaster recovery plan. Finalize Continuity of Operations Plan (“COOP”)	Draft/implement risk assessment process	12/2020	<input checked="" type="radio"/> <input type="radio"/>	Received and reviewed sample risk assessment materials. Preliminary drafting of risk assessment program has begun.
			Draft/implement fraud reporting and mitigation process	7/23/2019	<input checked="" type="radio"/> <input checked="" type="radio"/>	Fraud Prevention Policy drafted, approved, and implemented.
			Draft/implement Ethics Policy	7/23/2019	<input checked="" type="radio"/> <input checked="" type="radio"/>	Ethics Policy drafted, approved, and implemented.
			Draft/implement Recusal Policy	7/31/2019	<input checked="" type="radio"/> <input checked="" type="radio"/>	Recusal Policy drafted, approved, and implemented.
			Draft/implement information technology plan	03/2018	<input checked="" type="radio"/> <input checked="" type="radio"/>	NHBD submitted finalized IT Plan for 2020-2021 Budget Biennium to DoIT.
			Draft/implement disaster recovery plan	12/2020	<input checked="" type="radio"/> <input type="radio"/>	Received sample Disaster Recovery Plans from DoIT and conducted preliminary review of those samples.

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			Draft/implement COOP	12/2019	● ○	Draft COOP complete. Received draft MOU regarding alternate location. MOU for alternate location is under review. COOP will be finalized after MOU for alternate location is in place.
2	Support All Significant Aspects of Financial Operations with Formal Management-Approved Policies and Procedures	Support all significant aspects of financial operations with formal management-approved policies and procedures that address processes and controls that promote financial operations and compliance with management's objectives and expectations.	Draft/implement assessment calculation policy	12/2020	● ○	Drafting procedure for calculating assessment is underway. Goal of having preliminary draft completed in conjunction with issuing 2019 assessment.
			Draft/implement per diem calculation policy	10/17/18	● ●	Per Diem Calculation Policy and Procedure drafted, approved, and implemented.
			Draft/implement billing/invoicing policy	12/2019	● ○	Draft invoicing procedure complete. Procedure is under review with subject matter experts. Upon completion of review, procedure will be sent to Banking Department Policy Committee for review.
		Perform an inventory of all significant financial operations and review whether existing policies				

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		<p>and procedure controls are adequate or whether policies and procedures need to be established or updated.</p> <p>Communicate any new policies/procedures and training appropriately.</p> <p>Establish a suitable monitoring control to ensure that policies and procedures that are in place operate as intended and remain relevant to risks.</p>	<p>Review procedures for licensing of individuals and entities and collecting of related fees and fines to determine whether existing policies and procedure controls are adequate or whether policies and procedures need to be established or updated.</p>	<p>12/2020</p>	<p>● ○</p>	<p>Completed preliminary inventory of CCD Licensing tasks to determine where policies/procedures are required. Next steps to include further developing inventory and prioritizing policy/procedure drafting.</p>
			<p>Draft/implement monthly reconciliation policy.</p>	<p>12/2020</p>	<p>● ○</p>	<p>Preliminary procedure drafted for reconciling NMLS with NHBD database.</p>
			<p>Inventory of all significant financial operations and review whether existing policies and procedure controls are adequate or whether policies and procedures need to be established or updated.</p>	<p>12/2020</p>	<p>● ○</p>	<p>Drafted inventory of all significant financial operations. Next steps to include further developing inventory and prioritizing policy/procedure drafting.</p>

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			Reclassify Executive Secretary position to a Program Assistant II to include accountabilities that better support significant aspects of financial operations.	2/2020	<input checked="" type="radio"/> <input type="radio"/>	Request to reclassify Executive Secretary position to a Program Assistant II submitted to Division of Personnel.
			Review Creating Policies and Procedures policy to ensure that it sufficiently communicates new policies to staff and creates a suitable monitoring system for policies and procedures currently in effect.	12/2020	<input checked="" type="radio"/> <input type="radio"/>	Legal Team to review the Creating Policies and Procedures policy for compliance and updating. Implemented 2020 Strategic Plan which includes goals to improve communication of Department policies to staff.
3	Continue Efforts to Expand Use of Technology	Continue efforts to expand the Department's use of technology to gain the benefits of efficiency, effectiveness, and accuracy. Implement appropriate controls, including information review and approval controls and reconciliation controls, to ensure the information going into the current systems is	Draft/implement a IT Plan.	3/2018	<input checked="" type="radio"/> <input checked="" type="radio"/>	NHBD submitted finalized and submitted IT Plan for 2020-2021 Budget Biennium to DoIT.
			Implement database functionality for facilitating reconciliation of payments made through the NMLS for licensing.	12/2020	<input type="radio"/> <input type="radio"/>	

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		<p>complete and accurate and that information derived from the current systems is reliable.</p> <p>Establish monitoring controls to ensure the information systems and controls continue to operate as intended.</p>	<p>Implement new database for managing affairs of Department utilizing modern/up-to-date software with appropriate security and control features.</p>	12/2020	● ○	<p>Upgraded current databases from Access '97 to Access 2016 in order to facilitate creation of new database with Access 2016 front end and SQL back end.</p> <p>Conducted preliminary testing of new database for managing Banking/Trust Division activities including examination and business office functionality. End user testing is underway.</p> <p>Preliminary development of new database to manage Consumer Credit Division underway.</p> <p>Participated in Conference of State Bank Supervisors State Examination System pilot program, a nationwide effort to apply technology to multi-state examinations.</p> <p>Submitted legislative request to allow receipt/pursuit of consumer complaints via email for speed and efficiency.</p>
4	Strengthen Payroll Controls	Strengthen payroll controls to include policies and procedures implementing a review and approval of the final payroll register	Draft/implement procedure for review payroll records after time is submitted through NH First.	7/31/19	● ●	Payroll Policy and Procedure drafted, approved and implemented.

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		report that is generated prior to the issuance of the payroll.				
5	Evaluate and Control Risks Associated with Outsourced Services	Regularly obtain, review, and react to the SOC Report for the State License and Registration Payment Processing Service System, including ensuring that any relevant complementary user controls are in place and operating effectively.	Draft/implement policy to obtain, review, and react to SOC Report.	2/14/19	● ●	CSBS Soc1 Report Review Policy drafted, approved, and implemented in February 2019. Policy updated in July 2019.

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**2011 Financial Audit
(Outstanding Items Not Covered in 2018 Financial Audit)**

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4	Policies and Procedures for Responding to Consumer Complaints Should Be Established.	Establish policies and procedures to ensure timely response to consumer complaints of unfair or deceptive acts or practices by regulated financial institutions.	<ul style="list-style-type: none"> • Draft/implement complaint policy and procedure. 	12/2019	<input checked="" type="radio"/> <input checked="" type="radio"/>	Complaint Policy and Procedure drafted, approved, and implemented.
13	Administrative Rules Should Be Kept Current	Adopt required rules and establish policies and procedures to ensure, going forward, all required administrative rules and appropriate discretionary administrative rules are adopted and readopted in a timely manner.	<ul style="list-style-type: none"> • Review and seek legislation where necessary to ensure rulemaking authority is available to Department as appropriate and necessary. 		<input checked="" type="radio"/> <input type="radio"/>	<p>Legislation approved and signed into law to help ensure that rulemaking authority is available to Department as appropriate and necessary.</p> <p>Legal Team to develop plan for rulemaking.</p>